



February 13, 2008

TO: CHAIRPERSONS SENATOR COURTNEY AND REPRESENTATIVE LENSING AND
MEMBERS OF THE JOINT COMMITTEE ON GOVERNMENT OVERSIGHT

FROM: Mark Johnson

RE: Master Contracts

The Department currently has approximately 560 master agreements in place. A listing of those agreements has been attached. Additionally, below is the DAS policy for renewal of master agreements. In summary, the policy provides that master agreements should be effective for a one-year period with a two possible renewal period options for a maximum of three years. This results in an annual review and determination of whether an existing master agreement should be rebid or renewed. That decision is based upon current market conditions, customer feedback and vendor feedback.

Currently, 55.7% of master agreements are with in-state vendors and 44.3% are with out-of-state vendors. Vendors such as Office Max and Grainger Industrial are considered to out-of-state vendors as a result of their corporate address. However, vendors of this type do have a significant presence in Iowa as result of retail locations, warehouses and a number of Iowa employees.

DAS Policy

9. MA Renewal Periods

Before the contract is renewed, send the renewal assessment form to agency staff for vendor performance feedback. If there is no response, call the major user of the contract for this important information. For a copy of the individual agency vendor assessment form, contact Pam Dickey.

Agencies may submit a written complaint against the vendor. For a copy of the vendor complaint form:

http://das.gse.iowa.gov/procurement/vendor_complaint.html

Before renewing a contract, follow the required steps listed below to determine if it is best to renew the contract or whether conducting a bidding process would result in additional savings.

Annual Spend (Contract or Vendor)	Required Steps	% of contracts meeting the \$ criteria
\$50,000 or less	1. Determine if the contract can be combined with another contract 2. Ask agencies if the contract is needed. 3. Determine applicability of annual bid schedule 4. Renew, rebid or cancel	57.60%
\$50,000 - \$250,000	1. Conduct agency survey 2. Conduct market research 3. Benchmark pricing with other similar contracts 4. Renew, rebid, negotiate, or cancel	27.70%
\$250,000 - \$500,000	1. Conduct agency survey 2. Conduct vendor survey/market analysis 3. Benchmark pricing 4. Determine sourcing strategy: renew, rebid, negotiate or cancel	7.30%
Over \$500,000	1. Conduct agency survey 2. Conduct market analysis 3. Conduct spend analysis 4. Benchmark pricing 5. Develop category profile 6. Determine sourcing strategy: renew, rebid, negotiate or cancel	7.40%

